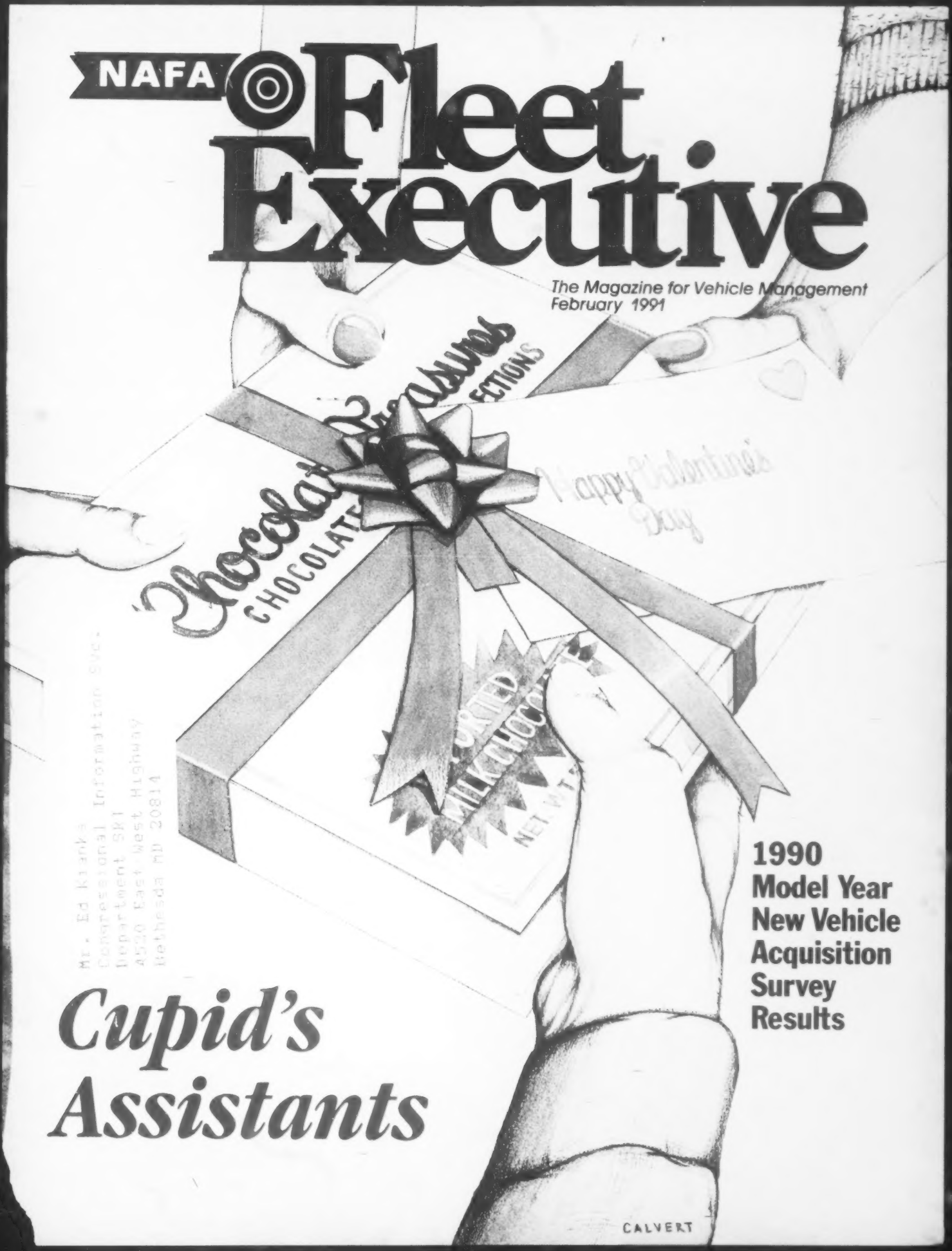
NAFA Fleet Executive

The Magazine for Vehicle Management
February 1991



Mr. Ed Kranks
Compressional Information Svc.
Department SKI
4550 East West Highway
Bethesda MD 20814

Cupid's Assistants

1990 Model Year New Vehicle Acquisition Survey Results

For more than 30 years, the voice of fleet managers across the United States and Canada.

NAFA Fleet Executive

The Magazine for Vehicle Management

Volume 5, Number 2 *February 1991*

NAFA Headquarters Staff

David P. Lefever
Executive Director

Phillip E. Russo
Assistant Executive Director

Denise M. Rucci
Director of Communications

Josephine M. Tropeano
Assistant Editor

Patricia A. Murtaugh
Director of Meetings

Sara M. Riggi
Assistant Director of Meetings

Kathleen Graham
Director of Education and Certification

Dawn M. Ydoate
Controller

Patricia D. Senatore
Office Manager

Allan Maslo
Computer Operator

NAFA
120 Wood Avenue South
Suite 615
Iselin, NJ 08830-2709
(908) 494-8100
FAX: (908) 494-6789

Fleet Executive © 1991 (ISSN 1053-1203) by NAFA, Inc., is the official monthly publication of the National Association of Fleet Administrators, Inc., Suite 615, 120 Wood Avenue South, Iselin, NJ 08830-2709. All views expressed herein are not to be regarded as the views of this Association. The contents of this publication may not be reproduced in whole or in part without the express written consent of NAFA.

Editorial comments and manuscripts are welcome and should be addressed to the Director of Communications.

Subscription rate for members is $48 which is included in the dues; non-member rate is $48 for U.S.; $72 (U.S.) to Canada and $144 (U.S.) to other countries. For subscription information, advertising rates or to join NAFA, please telephone Headquarters Office. Second class postage paid at Iselin, NJ and at additional mailing offices.

Postmaster: send address changes to Fleet Executive, 120 Wood Avenue South, Suite 615, Iselin, NJ, USA 08830-2709.

Page 16

Page 18

Page 28

6 **Subtle, But Important, Changes**
Have you noticed?

12 **Government Agencies Warn of "Fuel Saving Devices"**
Officials urge caution when considering devices which claim to increase vehicle fuel economy.

13 **California Agency *Does Not* Endorse Devices**
Fleet managers . . . be wary of claims about a fuel-saving, pollution-reducing device.

13 **Gas Saving Tips**
Recommendations for conservation.

16 **Holiday Highlights**
Celebrate with three NAFA Chapters and sample poetry from a fourth!

18 **Cupid's Assistants**
Without the help of a few NAFA Members, Valentine's Day couldn't happen!

28 **NAFA's 1991 Model Year New Vehicle Acquisition Survey Results**
See what NAFA Members say about their policies and practices regarding the purchase of company vehicles.

44 **Canada's Green Plan**
For a healthy environment.

46 **Saved By The Bag**
Accident survivors tell what it's like to be saved by an air bag.

50 **You Can't Help But Learn**
NAFA's Professional Fleet Management Seminars offer education, networking.

DEPARTMENTS

6 Fleet Faxline
7 Faxline Responses
14 New Members and Affiliates
56 Wholesaler/Broker Directory
57 Directory of Auto Auctions
60 Directory of Fleet Car Dealers

NEW VEHICLE ACQUISITION SURVEY RESULTS

NAFA's 1991 Model Year

The 1991 Model Year New Vehicle Acquisition Survey, an annual NAFA study, explores NAFA Member fleets' policies and practices regarding the purchase of company (organization) fleet vehicles. The results of the survey are published to enable fleet managers to compare their own new vehicle acquisition policies and practices with those of other fleets.

Two questionnaires and cover letters -- one for U.S. fleets and the other for Canadian -- were mailed to all NAFA Members.

By the October 30, 1990 cut-off date, a total of 372 -- 297 U.S. and 75 Canadian -- completed questionnaires were received at NAFA headquarters, representing approximately 18% of the Members. NAFA thanks those who took the time to complete the questionnaire. Here's what your answers indicated.

How Many, What Kinds of Vehicles?

Fleets in the United States and Canada will purchase or lease more than 108,000 1991 model year vehicles -- at a cost of more than $1.5 billion -- during the upcoming months, according to results of NAFA's most recent New Vehicle Acquisition Survey.

Of the 90,670 1991 model year vehicles acquired, 57,689 will be cars, 11,418 will be vans and 11,563 will be light duty trucks. Respondents expect to pay an average of $12,731 for a U.S. car, $15,926 in Canada; $14,547 for a U.S. van, $17,983 in Canada and $14,094 for a U.S. van, $17,178 in Canada.

From Whom Will They Buy or Lease?

Thirty-nine percent of responding U.S. fleet managers expect to purchase their vehicles from Ford-Lincoln/Mercury and 35% will purchase from General Motors. Canadian fleet managers will purchase vehicles from General Motors (45%) and Ford/Lincoln-Mercury (31%).

Imports will account for 2.7% of the purchases in the U.S. and .0145% in Canada. The biggest selling import in the U.S. was Nissan at 0.9%; in Canada, fleet managers reported they will purchase 0.1% of their vehicles from Toyota.

Factors Considered

Both U.S. and Canadian fleet managers indicated that initial cost and job suitability were the most important things to consider when purchasing or leasing new vehicles. Other considerations, in ranking order for the U.S., included economy of operation, repair record, serviceability, safety record, depreciation/resale value, warranty program, order/delivery time, country of origin, company image/prestige and driver preference.

Canadian fleet managers base their choices on, in order, initial cost, job suitability, depreciation/resale value, economy of operation, serviceability, repair record, safety record, warranty program, company image/prestige, order/delivery time, driver preference, country of origin, ease of operation, insurance costs and fringe benefit.

Employee Ownership?

Not one respondent from either the U.S. or Canada said that they will divest a portion of their fleet to employee-provision of vehicles.

Imports in Fleets

Eighty-nine percent of both U.S. and Canadian respondents do not buy vehicles with traditionally "foreign" nameplates. Of these, 50% in the U.S. and 68% of Canadians said they do not buy such vehicles because of a "perceived 'Buy North American' company policy." Nineteen percent of U.S. fleet managers say that their companies have a written "buy domestic only" policy; in Canada, that number is 32%. U.S. respondents (52%) would not buy "foreign" vehicles even if they were primarily manufactured in the U.S. and 57% of Canadians agree.

Any Changes Planned?

Few changes in the acquisition process will take place this year. For instance, 57% of U.S. respondents plan no changes in the types of vehicles in their fleets. Of the 11% who are planning some changes, most will increase the size of vehicles in use.

About half of the Canadian respondents (55%) plan no substantial changes. Of those who are planning some changes, 32% will increase the number of vehicles in their fleets and 12% will lease vehicles previously purchased.

Who Responded?

Total U.S. Respondents	**297**
Banking/Finance	9
Chemical & Petroleum	25
Consumer Marketing	16
Communications	6
Drugs & Cosmetics	27
Electronics	5
Food & Beverage	29
Government/Law Enforcement	49
Industrial Manufacturing	37
Insurance	42
Public Utility	13
Service Organization	10
Other	29
Total Canadian Respondents	**75**
Banking/Finance	2
Chemical & Petroleum	9
Consumer Marketing	5
Communications	2
Drugs & Cosmetics	12
Electronics	4
Food & Beverage	5
Government/Law Enforcement	9
Industrial Manufacturing	9
Insurance	5
Public Utility	3
Service Organization	0
Other	10

Options

Fifty-two percent of U.S. respondents, and 51% of Canadians, said that manufacturer option packages have affected their choice of vehicles. Of these, 70% of the U.S. respondents and 76% of Canadians will select the same vehicles as in the past, but with more options and at more cost. *continued on page 30*

SURVEY RESULTS

continued from page 29

Number of Vehicles in Fleet

	Company-owned	Leased	Total
All U.S. Fleets	**206,808**	**117,774**	**324,582**
Banking/Finance	2,251	854	3,105
Chemical & Petroleum	20,926	15,349	36,275
Consumer Marketing	16,844	6,392	23,236
Communications	2,000	1,197	3,197
Drugs & Cosmetics	1,638	29,910	31,548
Electronics	199	2,172	2,371
Food & Beverage	9,916	14,023	23,939
Government/Law Enforcement	56,450	211	56,661
Industrial Manufacturing	5,955	13,711	19,666
Insurance	22,882	19,507	42,389
Public Utility	29,721	203	29,924
Service Organization	8,822	3,834	12,656
Other	12,009	8,810	20,819
All Canadian Fleets	**18,240**	**19,825**	**38,065**
Banking/Finance	0	320	320
Chemical & Petroleum	3,024	3,695	6,719
Consumer Marketing	961	789	1,750
Communications	380	450	830
Drugs & Cosmetics	410	2,043	2,453
Electronics	740	475	1,215
Food & Beverage	156	1,231	1,387
Government/Law Enforcement	3,323	2,316	5,639
Industrial Manufacturing	54	3,253	3,307
Insurance	303	1,135	1,438
Public Utility	692	13	705
Service Organization	0	0	0
Other	2,471	3,027	5,498

Number of Fleet Vehicles in Each Category

	Cars	Vans	LDTs	Total
All U.S. Fleets	**217,470**	**42,196**	**64,916**	**324,582**
All Canadian Fleets	**18,271**	**8,374**	**11,420**	**38,065**

continued on page 32

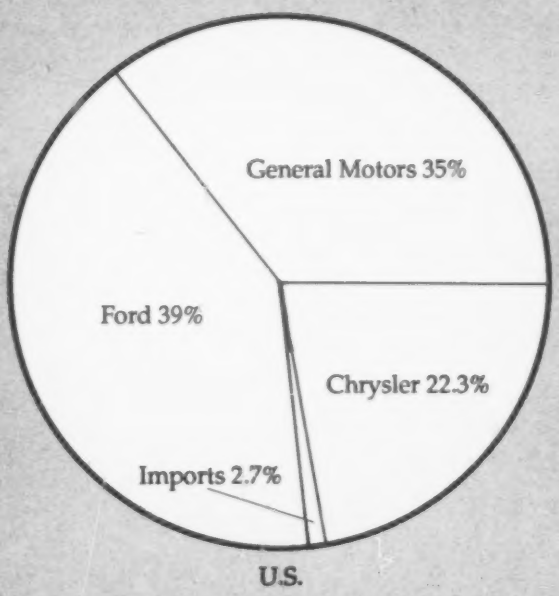
SURVEY RESULTS

continued from page 30

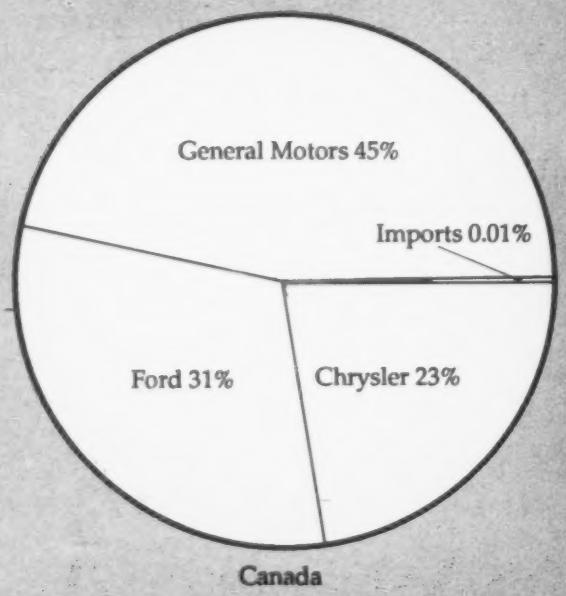
Number of 1991 Model Year Vehicles Expected to Purchase and/or Lease

	U.S.					Canada			
	Cars	Vans	LDTs	Total		Cars	Vans	LDTs	Total
All	51,599	20,069	8,822	80,490	All	6,090	1,349	2,741	10,180
Banking/Finance	593	61	27	681		60	0	0	60
Chemical & Petroleum	2,355	660	3,139	6,154		525	101	988	1,614
Consumer Marketing	2,019	945	236	3,200		584	28	0	612
Communications	362	247	76	685		185	30	0	215
Drugs & Cosmetics	9,311	1,215	180	10,706		811	140	3	954
Electronics	508	340	12	860		772	16	1	789
Food & Beverage	5,819	661	207	6,687		340	107	7	454
Government/Law Enforcement	7,064	660	1,465	9,189		469	87	481	1,037
Industrial Manufacturing	4,593	1,547	714	6,854		638	466	72	1,176
Insurance	13,868	274	59	14,201		512	0	0	512
Public Utility	422	812	733	1,967		46	20	62	128
Service Organization	299	1,051	592	1,942		0	0	0	0
Other	3,856	1,159	1,024	6,039		528	204	317	1,049

Vehicles Expected to Purchase and/or Lease From Each Manufacturer



U.S.



Canada

continued on page 34

SURVEY RESULTS

continued from page 32

Does Your Company Purchase or Lease "Foreign" Vehicles?

	% Yes	% No
All U.S. Fleets	**11**	**89**
Banking/Finance	0	100
Chemical & Petro.	8	92
Consumer Mktg.	7	93
Communications	0	100
Drugs & Cosmetics	30	70
Electronics	0	100
Food & Beverage	3	97
Gov't/Law Enforce.	4	96
Industrial Mfg.	11	89
Insurance	5	95
Public Utility	0	100
Service Org.	10	90
Other	29	71
All Canadian Fleets	**11**	**89**
Banking/Finance	0	100
Chemical & Petro.	13	87
Consumer Mktg.	20	80
Communications	0	100
Drugs & Cosmetics	18	82
Electronics	0	100
Food & Beverage	25	75
Gov't/Law Enforce.	11	89
Industrial Mfg.	11	89
Insurance	20	80
Public Utility	0	100
Service Org.	0	0
Other	0	100

If No, Why Not?

	Company written "domestic only" policy %	Company perceived "domestic only" policy %	Personal preference of fleet management %	Driver preference %
All U.S. Fleets	**19**	**68**	**10**	**3**
Banking/Finance	45	22	22	0
Chemical & Petro.	4	76	4	8
Consumer Mktg.	9	67	25	8
Communications	17	33	17	0
Drugs & Cosmetics	16	42	0	0
Electronics	0	80	0	0
Food & Beverage	11	75	7	0
Gov't/Law Enforce.	20	38	5	0
Industrial Mfg.	39	52	6	0
Insurance	14	69	3	0
Public Utility	15	55	15	0
Service Org.	0	44	45	0
Other	1	56	5	5
All Canadian Fleets	**32**	**50**	**12**	**6**
Banking/Finance	100	0	0	0
Chemical & Petro.	43	43	14	0
Consumer Mktg.	50	25	25	0
Communications	50	50	0	0
Drugs & Cosmetics	33	56	11	0
Electronics	33	67	0	0
Food & Beverage	0	67	33	0
Gov't/Law Enforce.	25	13	13	13
Industrial Mfg.	38	49	0	13
Insurance	20	40	20	0
Public Utility	50	0	0	50
Service Org.	0	0	0	0
Other	10	40	20	10

continued on page 36

SURVEY RESULTS

continued from page 34

Would You Purchase or Lease a "Foreign" Vehicle Even if Manufactured Domestically?

	% Yes	% No	% Unsure		% Yes	% No	% Unsure
All U.S. Fleets	**15**	**52**	**33**	**All Canadian Fleets**	**10**	**57**	**33**
Banking/Finance	0	75	25	Banking/Finance	0	100	0
Chemical & Petro.	5	33	62	Chemical & Petro.	0	100	0
Consumer Mktg.	17	42	41	Consumer Mktg.	0	75	25
Communications	0	50	50	Communications	0	100	0
Drugs & Cosmetics	19	31	50	Drugs & Cosmetics	13	49	38
Electronics	25	50	25	Electronics	0	0	100
Food & Beverage	7	63	30	Food & Beverage	0	33	67
Gov't/Law Enforce.	20	46	34	Gov't/Law Enforce.	17	50	33
Industrial Mfg.	15	66	19	Industrial Mfg.	25	38	37
Insurance	17	60	23	Insurance	0	100	0
Public Utility	17	66	17	Public Utility	50	50	0
Service Org.	33	45	22	Service Org.	0	0	0
Other	22	28	50	Other	11	33	56

Have Manufacturer Option Packages Affected Your Selection of Fleet Vehicles?

	% Yes	% No
All U.S. Fleets	**52**	**48**
All Canadian Fleets	**51**	**49**

Why Do You Select the Vehicles Which You Acquire?

Initial cost	Job suitability	Repair record	Economy of operation	Depreciation/resale value	Serviceability	Safety Record	Warranty program	Order/delivery time/ distribution	Country where manufactured	Company image/prestige	Driver preference	Administrative ease	Insurance costs	Fringe benefit
%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
All U.S. Fleets														
49	47	14	14	20	12	18	7	7	21	10	3	1	2	1
All Canadian Fleets														
53	41	8	8	17	4	10	4	7	25	12	11	0	0	3

Expected Average Initial Cost of a Single 1991 Model Year Vehicle

	U.S.				Canada		
	Car	Van	LDT		Car	Van	LDT
All Fleets	**$12,731**	**$14,547**	**$14,094**	**All Fleets**	**$15,926**	**$17,983**	**$17,178**
Banking/Finance	11,194	13,863	16,250	Banking/Finance	14,166	0	0
Chemical & Petro.	13,945	15,170	13,824	Chemical & Petro.	17,044	18,887	16,428
Consumer Mktg.	13,150	14,045	13,033	Consumer Mktg.	18,111	19,000	0
Communications	10,680	14,575	15,333	Communications	16,500	20,000	0
Drugs & Cosmetics	13,381	14,621	15,311	Drugs & Cosmetics	17,330	19,440	16,250
Electronics	12,825	11,410	13,000	Electronics	15,333	18,167	23,000
Food & Beverage	12,656	14,708	11,598	Food & Beverage	18,000	24,667	20,000
Gov't/Law Enforce.	11,845	13,981	13,893	Gov't/Law Enforce.	14,993	17,500	15,560
Industrial Mfg.	13,606	14,985	15,538	Industrial Mfg.	17,399	16,118	15,125
Insurance	12,140	15,611	14,571	Insurance	12,993	0	0
Public Utility	11,462	13,366	13,135	Public Utility	12,750	15,250	14,000
Service Org.	13,162	14,180	17,237	Service Org.	0	0	0
Other	13,148	15,347	14,914	Other	14,644	16,994	25,750

continued on page 38

SURVEY RESULTS

continued from page 37

Changes Planned During Next Year

	Lease vehicles previously purchased %	Purchase vehicles previously leased %	Divest most of fleet to employee ownership %	Reduce number of vehicles in fleet %	Increase number of vehicles in fleet %	Other %	No substantial changes considered %
All U.S. Fleets	**1**	**11**	**0**	**14**	**13**	**15**	**57**
Banking/Finance	0	25	0	25	0	0	50
Chemical & Petro.	0	4	0	13	13	21	58
Consumer Mktg.	0	0	0	21	21	29	43
Communications	0	33	0	0	17	17	50
Drugs & Cosmetics	4	8	0	4	23	27	54
Electronics	0	0	0	20	20	20	60
Food & Beverage	0	14	0	17	14	17	48
Gov't/Law Enforce.	0	6	0	17	6	6	70
Industrial Mfg.	0	12	0	12	24	24	47
Insurance	0	12	0	24	17	19	43
Public Utility	0	23	0	8	0	0	69
Service Org.	0	11	0	11	22	0	56
Other	%	15	0	4	4	7	70
All Canadian Fleets	**12**	**0**	**0**	**0**	**32**	**0**	**55**
Banking/Finance	0	0	0	0	0	0	100
Chemical & Petro.	0	0	0	0	38	0	63
Consumer Mktg.	0	0	0	0	33	0	67
Communications	50	0	0	0	50	0	0
Drugs & Cosmetics	22	0	0	0	0	0	78
Electronics	0	0	0	0	33	0	67
Food & Beverage	25	0	0	0	0	0	75
Gov't/Law Enforce.	25	0	0	0	50	0	25
Industrial Mfg.	13	0	0	0	25	0	63
Insurance	0	0	0	0	40	0	60
Public Utility	0	0	0	0	50	0	50
Service Org.	0	0	0	0	0	0	0
Other	11	0	0	0	33	0	56

Note: Respondentscould select more than one response, therefore totals may be greater than 100%.

When Do You Order Most of Your Replacement Vehicles?

	% Spring	% Fall	% Winter	% Summer
All U.S. Fleets	16	55	20	9
All Canadian Fleets	16	62	11	11

When Do You Take Delivery of Most of Your Replacement Vehicles?

All U.S. Fleets	23	31	34	12
All Canadian Fleets	43	32	21	4

Do You Plan Changing the Size/Type of Vehicles Used in Your Fleet?

	% Yes	% No		% Yes	% No
All U.S. Fleets	11	89	All Canadian Fleets	11	89
Banking/Finance	25	75	Banking/Finance	0	100
Chemical & Petro.	17	83	Chemical & Petro.	22	78
Consumer Mktg.	7	93	Consumer Mktg.	0	100
Communications	20	80	Communications	50	50
Drugs & Cosmetics	0	100	Drugs & Cosmetics	8	92
Electronics	20	80	Electronics	0	100
Food & Beverage	11	89	Food & Beverage	25	75
Gov't/Law Enforce.	11	89	Gov't/Law Enforce.	22	78
Industrial Mfg.	12	88	Industrial Mfg.	11	89
Insurance	10	90	Insurance	0	100
Public Utility	17	83	Public Utility	0	100
Service Org.	11	89	Service Org.	0	0
Other	14	86	Other	0	100

continued on page 40

SURVEY RESULTS

continued from page 39

If Manufacturer Option Packages Have Affected Selection of Vehicles, Which Condition Applies?

		Select same vehicles with more equipment %	Select same vehicles with less equipment %	Select different models or manufacturers because they offer desired optional equipment %	Other %		Select same vehicles with more equipment %	Select same vehicles with less equipment %	Select different models or manufacturers because they offer desired optional equipment %	Other %
All Fleets	**U.S.**	**74**	**6**	**12**	**8**	**Canada**	**76**	**3**	**18**	**3**
Banking/Finance		61	13	13	13		0	0	0	0
Chemical & Petro.		61	13	13	13		83	0	17	0
Consumer Mktg.		82	0	9	9		100	0	0	0
Communications		100	0	0	0		0	0	0	0
Drugs & Cosmetics		64	9	27	0		75	25	0	0
Electronics		100	0	0	0		100	0	0	0
Food & Beverage		70	0	15	15		100	0	0	0
Gov't/Law Enforce.		95	0	5	0		60	0	20	20
Industrial Mfg.		71	8	8	13		33	0	67	0
Insurance		82	6	6	6		67	0	33	0
Public Utility		75	25	0	0		0	0	100	0
Service Org.		20	0	80	0		0	0	0	0
Other		77	6	6	11		86	0	14	0

continued on page 42

NAFA's 1991 Personal Use Survey

NAFA and your fellow Members and Affiliates depend on you for accurate information.

Please return your survey form by the deadline.

Thank you!

SURVEY RESULTS

continued from page 40

Have Manufacturer Option Packages Resulted in a Change in Your Initial Vehicle Costs? (If Yes, What Have You Incurred?)

U.S.	Yes, increased vehicle costs %	Yes, decreased vehicle costs %	No %	Canada	Yes, increased vehicle costs %	Yes, decreased vehicle costs %	No %
All Fleets	**70**	**0**	**30**		**63**	**0**	**37**
Banking/Finance	71	0	29		0	0	100
Chemical & Petro.	86	0	14		67	0	33
Consumer Mktg.	69	0	31		60	0	40
Communications	83	0	17		100	0	0
Drugs & Cosmetics	74	0	26		60	0	40
Electronics	80	0	20		0	0	100
Food & Beverage	77	0	23		67	0	33
Gov't/Law Enforce.	50	0	50		62	0	38
Industrial Mfg.	77	0	23		50	0	50
Insurance	74	0	26		100	0	0
Public Utility	42	0	58		50	0	50
Service Org.	57	0	43		0	0	0
Other	80	0	20		67	0	33